

Budgetary Authority and Process

Excerpts from The Charter of Baltimore City (1996 Edition) relative to the budget process and Ordinance of Estimates

ARTICLE VI

BOARD OF ESTIMATES

1. BOARD OF ESTIMATES - ORGANIZATION.

(a) There shall be a Board of Estimates composed of the Mayor, President of the City Council, Comptroller, City Solicitor, and Director of Public Works, none of whom shall receive any additional salary as members of the Board. The President of the City Council shall be President of the Board, and one of the members shall act as Secretary. The Board may employ such employees as may be necessary to discharge its duties; their number and compensation shall be fixed in the Ordinance of Estimates.

(b) The first meeting of the Board in every year shall be called by notice from the Mayor or President of the City Council personally served upon members of the Board. Subsequent meetings shall be called as the Board may direct.

(c) If a member is unable to attend a Board meeting, that member's representative, as designated in the Charter, may attend and exercise the powers of the member. The Mayor may designate a municipal officer or member of the Mayor's personal staff to represent the Mayor and exercise the Mayor's power at Board meetings in the Mayor's absence.

2. BOARD OF ESTIMATES - DUTIES AND POWERS.

The Board of Estimates shall formulate and execute the fiscal policy of the City to the extent, and in the manner provided for, in the Charter. To exercise its powers and perform its duties, the Board may promulgate rules and regulations and summon before it the heads of departments, bureaus or divisions, municipal officers, and members of commissions and boards.

3. ORDINANCE OF ESTIMATES - FISCAL YEAR; SUBMISSION AND ADOPTION DATES.

(a) The fiscal, budget, and accounting year of the City shall begin on the first day of July and end on the thirtieth day of June in every year unless otherwise provided by law.

(b) At least thirty days prior to the adoption by the Board of Estimates of a proposed Ordinance of Estimates the Board shall make public the Director of Finance's recommended operating budget, the Planning Commission's recommended capital budget and long-range capital improvement program, and the reports of the Director of Finance and Planning Commission on these

documents. Thereafter, the Board shall hold public hearings at which members of the City Council, heads of municipal agencies, and citizens shall have the opportunity to appear before the Board to speak for or against the inclusion of any appropriation in the proposed Ordinance of Estimates.

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(c) The Board of Estimates shall submit to the City Council the proposed Ordinance of Estimates for the next fiscal year at least forty-five days before the beginning of that fiscal year.

(d) The City Council shall have at least forty days after receipt of the Board's proposed Ordinance of Estimates to enact an Ordinance of Estimates. The City Council shall adopt an Ordinance of Estimates at least five days prior to the beginning of the fiscal year to which it is applicable if the Board of Estimates submits its proposed Ordinance of Estimates within the period prescribed by Section 3(c).

4. ORDINANCE OF ESTIMATES - THE ROLES OF THE DEPARTMENT OF FINANCE AND THE PLANNING COMMISSION.

To assist the Board of Estimates in the preparation of the proposed Ordinance of Estimates:

(a) The Director of Finance shall submit for the consideration of the Board a recommended operating budget, which shall include the estimates submitted by the municipal agencies for the next fiscal year, the recommendations of the Director of Finance thereon, and all other estimates for appropriations to be made in the next fiscal year, other than for capital improvements; provided, however, the estimates for the Fire Department shall include such amounts, if any, as may be determined by a final decision of a Board of Arbitration convened to arbitrate unresolved negotiations between the City and the certified employee organizations representing the fire fighters and fire officers, as prescribed by existing Section 53 of Article VII.

(b) The Planning Commission shall submit for the consideration of the Board a recommended capital budget, a recommended long-range capital improvement program, and a report on both. The Director and Board of Finance shall review the recommended capital budget and program, and make a report and recommendations about both to the Board of Estimates.

5. BOARD OF ESTIMATES - PREPARATION OF PROPOSED ORDINANCE OF ESTIMATES.

(a) After receiving the recommendations of the Department of Finance and the Planning Commission, the Board shall prepare its proposed Ordinance of Estimates, which shall consist of:

(1) an operating budget: estimates for the next fiscal year of the appropriations needed for the operation of each municipal agency and for all other purposes, other than for capital improvements. These estimates shall state the amounts needed by every municipal agency for each particular program, purpose, activity, or project and the source of funds, if other than general funds, for each.

(2) a capital budget: estimates of the amounts to be appropriated to each municipal agency for capital improvements in the next fiscal year. The capital budget proposed by the Board also shall include the projects that the Board includes in the first year of its long-range capital improvement program and the source of funds for all capital improvements. However, no capital project shall be included in the capital budget portion of the proposed Ordinance of Estimates submitted by the Board of Estimates to the City Council unless the Board has received and

considered the reports and recommendations of the Planning Commission, the Director of Finance, and the Board of Finance with regard to such capital project. The Board of Estimates may establish additional procedures for the development of a long-range capital improvement program and a capital budget.

(b) The Board may include annually in the proposed Ordinance of Estimates a sum up to one million dollars (\$1,000,000.00) of the general fund appropriations to be used during the next fiscal year as a contingent fund in case of an emergency or necessity for the expenditure of money in excess of or other than the appropriations regularly passed for any municipal agency. At least one week before it approves a contingent fund expenditure, the Board shall report to the City Council the reasons for the expenditure.

6. BOARD OF ESTIMATES - ADOPTION OF PROPOSED ORDINANCE OF ESTIMATES.

(a) After the public notice and hearings prescribed by Section 3(b), the Board shall adopt a proposed Ordinance of Estimates by a majority vote of all the members. The Board shall deliver the proposed Ordinance of Estimates to the President of the City Council and contemporaneously publish a copy of the proposed ordinance in two daily newspapers in Baltimore City.

(b) The proposed Ordinance of Estimates that the Board submits to the City Council shall be accompanied by the following materials:

(1) a breakdown of the amounts stated for each program, purpose, activity, or project of each municipal agency in the proposed operating budget by standard categories of expenditure, for (a) personal services, (b) materials, supplies, and equipment, (c) debt service, and (d) such other categories as the Board of Estimates may deem advisable. The personal services category shall include the compensation of every officer and salaried employee of the City; provided, however, that the salaries for employees in the same classification who have a uniform salary or salary range may be combined into a single entry, which shall indicate the number of such employees, their aggregate salaries, and the name or title of the classification.

(2) a comparison by standard categories of expenditures of the appropriations contained in the proposed operating budget with (a) the amounts requested by the municipal agencies in their budget submissions (b) the amounts appropriated for the current fiscal year and (c) the amounts expended in the prior fiscal year;

(3) detailed information about the sources of funds to meet the aggregate total of the appropriations contained in the proposed Ordinance of Estimates;

(4) the long-range capital improvement program adopted by the Board and for each capital project included in the capital budget, the following: a brief description and location, the total estimated cost, the appropriations authorized to date, the appropriations proposed for the next fiscal year, the appropriations required thereafter to complete the project, and the estimated additional annual maintenance and operation cost.

(5) a statement setting out:

(a) the revenues which the City can reasonably expect to receive in the next fiscal year from all existing sources of revenue at existing rates other than the full rate property tax but including amounts believed to be collectible from taxes for prior years and including an estimate of the surplus expected at the end of the current fiscal year;

(b) the difference between the revenues expected under (a) above and the total amount of appropriations provided in the proposed Ordinance of Estimates;

(c) the estimated taxable basis for the next ensuing fiscal year for the levy of full rate property taxes;

(d) the rate for the levy of full rate property taxes which, given the revenues expected under (a) above, the total appropriations in the proposed Ordinance of Estimates, and the taxable basis, will be necessary to raise sufficient total revenues to cover total anticipated expenditures;

(e) new sources of revenue or new rates on existing sources of revenue, and the amounts which can reasonably be expected from each of them, which the Board of Estimates believes should be adopted for the next fiscal year; also the rate for the levy of full rate property taxes which, in view of such new sources of revenue or new rates on existing sources of revenue, will be necessary to bring total expected revenues for the next fiscal year into balance with total anticipated expenditures for the year;

(6) a message from the Mayor explaining the major emphasis and objectives of the City's budget for the next fiscal year;

(7) such other information as the Board of Estimates may deem advisable.

7. CITY COUNCIL - ENACTMENT OF ORDINANCE OF ESTIMATES.

(a) Upon receipt of the proposed Ordinance of Estimates and the accompanying materials, the President of the City Council shall promptly cause it to be introduced in the City Council, and the Council shall thereafter hold public hearings on the proposed Ordinance of Estimates. By a majority vote of its members, the City Council may reduce or eliminate any of the amounts in the proposed Ordinance of Estimates, except: (1) amounts fixed by law; (2) amounts for the Fire Department established by a Board of Arbitration and included in the proposed Ordinance of Estimates; and (3) amounts for the payment of the interest and principal of the municipal debt.

(b) The City Council shall not have the power to increase the amounts fixed by the Board or to insert any amount for any new purpose in the proposed Ordinance of Estimates. If the carrying out of a particular program, purpose, activity, or project depends upon action by a body other than the City, the City Council may insert a specific provision in the proposed Ordinance of Estimates making the appropriation for the particular program, purpose, activity or project contingent upon such action.

(c) As soon as practicable after the passage of the Ordinance of Estimates, the City Council

shall enact such revenue ordinances as are necessary to produce sufficient expected revenues, as estimated by the Board of Estimates, to cover the total anticipated expenditures authorized by the Ordinance of Estimates. The Council may adopt revenue sources or revenue rates other than those proposed by the Board and in each such instance the estimate of the revenue to be yielded by such a source or rate shall be made by the Board of Estimates. The Board of Estimates shall, taking into account any reductions and eliminations made by the City Council in the anticipated expenditures contained in the proposed Ordinance of Estimates and the revenues to be derived from all existing sources and from any new sources or new rates enacted by the City Council, certify to the Council the difference between the anticipated expenditures for the next fiscal year contained in the Ordinance of Estimates and all expected revenues other than from the full rate property tax. The Board shall then state a rate for the levy of full rate property taxes sufficient to realize the amount required to meet the said difference and the ordinance making the annual levy of full rate property taxes shall fix a rate not less than that stated by the Board so that it shall not be necessary at any time for the City to create a floating debt to meet any deficiency, and it shall not be lawful for the City to create a floating debt for any such purpose.

8. ORDINANCE OF ESTIMATES - DEFICIENCIES AND SUPPLEMENTARY APPROPRIATIONS.

(a) No temporary loan shall be authorized or made to pay any deficiency arising from a failure to realize sufficient income from all sources to meet the amounts provided in the Ordinance of Estimates, but the City may temporarily borrow money for its use in anticipation of the receipts of taxes levied for any year. In case of any such deficiency the Board of Estimates shall effect reductions (which need not be pro rata) in appropriations other than those for the payment of the principal and interest of the City debt and such amounts as are fixed by law and contained in the Ordinance of Estimates, except to the extent that the City Council shall, upon the recommendation of the Board of Estimates, enact an ordinance which shall supply revenues to meet all or any part of such deficiency. No emergency loan shall be made except in accordance with the provisions of Article XI of the Constitution of Maryland.

(b) Except as provided herein, the Ordinance of Estimates shall include all the moneys to be appropriated by the City for all purposes for the fiscal year for which the ordinance is applicable. Additional appropriations shall be permitted during the fiscal year only in the following circumstances and under the following conditions:

(1) revenues from any source other than the full rate property tax and other taxes imposed under the authority of Article II, in excess of or in addition to those relied upon by the Board of Estimates in determining the tax levy required to balance the budget, may be made available for expenditure by the municipal agency responsible for the production of such revenues by a supplementary appropriation ordinance recommended to the City Council by the Board of Estimates, duly passed by the City Council by a majority vote of its members and approved by the Mayor.

(2) grants from private or governmental sources which could not be expected with reasonable certainty at the time of the formulation of the proposed Ordinance of Estimates may be made available to the appropriate municipal agency for expenditure by a supplementary

appropriation ordinance recommended to the City Council by the Board of Estimates, duly passed by the City Council by a majority vote of its members and approved by the Mayor.

(3) further appropriations for programs included in the proposed Ordinance of Estimates made necessary by a material change in circumstances, or additional appropriations for new programs which could not reasonably be anticipated at the time of the formulation of the proposed Ordinance of Estimates may be made available to the appropriate municipal agency for expenditure by a supplementary appropriation ordinance recommended to the City Council by the Board of Estimates, duly passed by the City Council by a vote of three-fourths of its members and approved by the Mayor.

(c) Every such further or additional appropriation shall be embodied in a separate ordinance limited to a single program, purpose, activity or project therein stated, and each such supplementary appropriation ordinance shall also, anything contained in the Charter to the contrary notwithstanding, provide the revenue necessary to pay the appropriation by a source, other than the full rate property tax, imposed under the authority of Article II. The revenue shall be levied and collected as directed in the ordinance. The estimate of the revenues to be derived from any source proposed in a supplementary appropriation ordinance shall be made by the Board of Estimates.

9. ORDINANCE OF ESTIMATES - USES OF APPROPRIATIONS.

(a) Following the passage of the Ordinance of Estimates and the enactment of the revenue measures necessary to achieve a balance between expected revenues and anticipated expenditures for the next fiscal year, the sums contained in the Ordinance of Estimates shall, after the beginning of the fiscal year to which it is applicable, be and become appropriated for the purposes therein named. No appropriation provided for in the Ordinance of Estimates shall be used for any purpose other than that named in that ordinance, except: (1) the Board of Estimates may increase the amount for a particular program, purpose, activity, or project or introduce an amount for a new program, purpose, activity or project by transferring thereto amounts already appropriated to that agency; and (2) upon the recommendation of the Board of Estimates, the City Council by ordinance may authorize the transfer of an appropriation contained in the Ordinance of Estimates from one municipal agency to another municipal agency; provided, however, that new or different amounts for capital projects from those stated in the capital budget portion of the Ordinance of Estimates shall not be authorized unless the Board of Estimates has received and considered the reports and recommendations thereon of the Planning Commission and the Director of Finance.

(b) Upon the authorization of the Board of Estimates and under procedures established by the Board, the Director of Finance shall establish an expenditure schedule, applicable to any or all municipal agencies whenever, in the opinion of the Board, financial conditions warrant such budgetary allotments.

(c) Appropriations contained in the Ordinance of Estimates for a particular program, purpose, activity, or project may, upon the recommendation of the head of the municipal agency concerned and the Director of Finance, and with the approval of the Board of Estimates, be carried over to fiscal years subsequent to the one for which the appropriation is initially made if necessary to accomplish that program, purpose, activity, or project. Funds encumbered for contracts, projects or other actual commitments and funds dedicated by any act of Congress or by State law or by the terms of any private grant to some specific purpose shall be carried over to the next fiscal year. All appropriations not so carried over shall lapse at the end of the fiscal year from which made, except that any balance remaining in the fund of the water or sanitary wastewater utility (under Section 18 of

this article) at the end of the fiscal year shall remain to the credit of that utility and an estimate of such a balance shall be included in that utility's budget for the next year as an estimated receipt.

(d) In case of any surplus arising in any fiscal year by reason of an excess of revenue over the expenditures (including any appropriation carried over) for such year, the surplus shall become a part of the general revenue of the City and shall be available for the general expenditures of the City for the next fiscal year, in accordance with the Ordinance of Estimates for that year. An estimate of such surplus shall be made by the Board of Estimates and included in expected revenues for the next year. However any surplus or retained earnings of the water or sanitary wastewater utility fund (under Section 18 of this article) at the end of the fiscal year shall remain to the credit of that utility and the estimate of such a balance shall be included in that utility's budget for the next year as an estimated receipt.

(e) Except for the funds of the water or sanitary wastewater utilities, if at the end of any fiscal year it is determined that there is any surplus in excess of the amount included in expected revenues for the next fiscal year and such amount exceeds 1% of the general fund operating budget adopted for the next fiscal year and such amount does not include any appropriation carried forward from the prior fiscal year, the excess of such general fund surplus over 1% of the operating budget shall be credited to an account known as the "Capital Bond Fund Appropriation Reduction Account". Funds in this account shall be allocated and paid by order of the Board of Finance for the purpose of substituting for a like amount of general obligation bond funds for which appropriations have been previously made by the Mayor and City Council; to the extent that funds from the capital bond fund appropriation reduction account are utilized, the authorized amount of general obligation bonds shall be automatically reduced. In determining the application of such funds the Board of Finance shall be guided by the conditions of the bond market and the financial interests of the City of Baltimore. Funds in the capital bond fund appropriation reduction account not utilized in the first year in which they are identified shall be carried forward at the end of the fiscal year to be used for the purpose of substituting for general obligation bond funds at the earliest practical time. Such funds shall be utilized only for the purpose for which the bond funds were appropriated and may not be transferred directly or indirectly to any other purpose. Surplus funds exceeding the amount used in the revenue estimates for the succeeding year but not in excess of 1% of the current general fund operating budget may be utilized by the Board of Estimates to reduce the tax rate requirements for the next fiscal year or to constitute a source of funds for supplemental appropriations recommended to the City Council pursuant to the provisions of this subsection.

ARTICLE VII

EXECUTIVE DEPARTMENTS

DEPARTMENT OF FINANCE

5. DEPARTMENT OF FINANCE - ORGANIZATION ESTABLISHED.

There is a Department of Finance, the head of which shall be the Director of Finance.

6. DEPARTMENT OF FINANCE - DIRECTOR.

(a) The Director of Finance shall supervise and direct the Department. The Director shall have substantial experience in financial administration.

(b) The Director shall be appointed, must be confirmed, and shall serve, pursuant to Article IV, Section 6.

(c) The Director's salary shall be set in the Ordinance of Estimates.

7. DEPARTMENT OF FINANCE - DEPUTY DIRECTOR AND EMPLOYEES.

(a) The Director shall appoint a Deputy Director of Finance pursuant to this section.

(b) Whenever a vacancy shall occur in the office of Director, or whenever the Director shall be incapacitated or otherwise unavailable for duty for any cause, the Deputy Director appointed pursuant to this section shall be the Acting Director.

(c) The Director may appoint such other employees as provided in the Ordinance of Estimates.

POWERS AND DUTIES OF THE DEPARTMENT

8. DEPARTMENT OF FINANCE - BUDGET PREPARATION.

In accordance with rules established by the Board of Estimates, the Department shall prepare the preliminary operating budget for the consideration of the Board of Estimates, shall make reports and recommendations on the capital budget and capital improvement program, and shall otherwise participate in the making of the proposed Ordinance of Estimates.

9. DEPARTMENT OF FINANCE - BUDGET ADMINISTRATION.

Under the direction of the Board of Estimates, the Director shall implement the Ordinance of Estimates. In the interest of economy and efficiency, the Director shall survey the administration and organization of municipal agencies to support the Director's recommendations to the Board of Estimates on the budget requests of the agencies and the Director's reports to the Mayor on measures which might be taken to improve the organization and administration of City government.